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SUBJECT: GREEK MINISTERIAL RECONFIGURATIONS

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Summary

11. (U) Prime Minister Papandreou's first organizational act after taking office October 6 was to reconfigure government ministries in accordance with his campaign promises to create a "tight, economical, job oriented" ministry scheme. Papandreou merged the Culture and Tourism ministries; resurrected a separate Finance Ministry; and inaugurated a "super ministry" for the Economy, Competitiveness and Marine that absorbed much of the old Development Ministry and the merchant marine operations of the old Merchant Marine, Aegean, and Island Policy Ministry. The Aegean and Island Policy were transferred to a reshuffled Interior, Decentralization, and Electronic Governance ministry under a new secretariat. A hybrid "homeland security" ministry, named Citizens' Protection, was established to absorb the Public Order and Civil Defense secretariats from the Interior ministry as well as the Coast Guard, the secretariat for Ports and Port Policy, and the directorate for Shipping Safety from the now defunct Ministry of Merchant Marine, Aegean, and Island Policy. Citizens' Protection will also oversee the National Intelligence Service. The Ministry of Infrastructure, Transportation, and Networks assumes the bulk of operations of the old Environment and Public Works Ministry, with a separate Ministry for the Environment, Energy, and Climate Change created to focus on environmental issues that are positioned high on the PM's agenda. Finally, Papandreou eliminated the Ministry for Macedonia and Thrace and attached a secretariat for Macedonia and Thrace to the Interior Ministry.

Economy and Finance

12. (SBU) In the economy, which was the main focus of both major parties in the election campaign, the division of the National Economy and Finance ministries into two separate ministries has been perceived as a palpable sign of Papandreou's intention to increase centralized planning of productivity, production, public spending, government revenue, and the management of Greece's burgeoning public debt and budget deficits. On the other hand, it potentially sets the stage for conflict between the fiscal approaches of new ministers Katselis and Papakonstantinou. The abolition of the Ministry for Merchant Marine, Aegean, and Island Policy has not been received well among the powerful (but usually apolitical) community of Greek shipowners. On the other hand, by making the independent Finance Minister the leader in debt talks with the EU, market watchers said, Papandreou signaled his intention to move rapidly in re-negotiating a comprehensive plan for debt reduction with Greece's European partners.

Law Enforcement

13. (SBU) The creation of the new Ministry of Citizens' Protection, essentially a police and civil defense department, has been interpreted as Papandreou's opening move in a multifaceted initiative to reform the police force;

build effective cooperation between agencies charged with fighting wildfires, one of Greece's most pressing civil defense issues; and bring all of the country's law enforcement organizations under one unified "homeland security" command. Michalis Chrysochoidis, the new Citizens' Protection Minister, has called for "democracy with firmness," in an attempt to balance the party's leftist roots with the need for public order, and has promised a reorganization of the antiterrorist branch of the Hellenic Police to deal with the younger generation of domestic terrorists. Chrysochoidis has also said he will emphasize Greece's heavy burden in dealing with illegal immigration to the "highest level" of EU organs. Although Papandreou's PASOK party has traditionally criticized its conservative predecessors for their management of the police, it remained relatively quiet throughout the campaign on the security aspects of illegal immigration and on the resurgence of domestic terrorism in the wake of the December 2008 riots. A number of specialized commentators have noted that PASOK has not articulated how it would deal with a possible new outbreak of large-scale rioting. There is considerable speculation that new violence may occur to mark the first anniversary of the riots December 6, as well as the upcoming trial of the police officer charged with the teenager's shooting (scheduled to start December 15), making this

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issue all the more pressing.

Environment and Infrastructure

14. (SBU) Papandreou fulfilled one of the central points of PASOK's election platform by establishing a Ministry of Environment, Energy, and Climate Change. Critics have questioned his appointment of speechwriter Tina Birbili to the post, arguing that although she may have Papandreou's ear, she lacks the experience and political gravitas to run this ministry in the face of serious opposition to the "green approach" by powerful special interests. (Note: Greek media commented negatively on her wearing blue jeans, sneakers, and a backpack while accepting the mandate from President Papoulias.) The new Ministry of Infrastructure, Transportation, and Networks must focus on key lingering issues, viz. the land register (cadastre) project, which has already attracted EU attention repeatedly over allegations of waste and mismanagement of EU support funds. The "networks" part, just like the "electronic governance" part at Interior, is linked to one of Papandreou's keenest interests: "Internet for all." The new ministry will direct existing programs of expanding access to broadband -- a fiber optic project, funded by the EU, is already under way -- and will need to devise an all-round Internet policy that the previous government lacked. Papandreou assigns great importance to Internet technologies as "force multipliers" in both business and government and is expected to take personal interest in this area.

Regional Ministries Downgraded

15. (SBU) The abolition of the Ministry for Macedonia and Thrace has generated considerable negative reaction, particularly from the rightwing LAOS part, but even from inside PASOK, primarily for symbolic reasons. Critics of the move stress that with the Macedonia name issue at a critical juncture, and with Turkey showing intense interest in the welfare of the "Turkish" minority in Thrace (identified as the Muslim minority by the Greek

government), the downgrading of the ministry to the status of a secretariat sends an improper signal to both Skopje and Ankara. According to the consensus of Greek pundits, the atmospherics surrounding the name issue inside Papandreou's kitchen cabinet are far from the traditionally "patriotic." The abolition of the Ministry for the Aegean and Island Policy has elicited similar reactions.

Culture and Tourism

¶16. (SBU) Finally, the merger of Tourism with Culture has been criticized by many over the risk of commercializing culture to meet tourism bottom-line imperatives. The appointment of Pavlos Geroulanos, one Papandreou's closest advisers, to head the new ministry, however, has been interpreted as a sign of personal Papandreou interest in the interaction of both fields in light of the new PM's repeated references to culture being a "national treasure" that should be "properly deployed" to increase Greece's prestige and credibility.

Comment

¶17. (SBU) Papandreou has evangelized for a number of years about "re-establishing" the state and reforming its relations to the public. Using American-style rhetoric, he has promised results within six months of his cabinet taking the oath of office on October 7, 2009. Ministerial reconfigurations play a key part in these announced intentions. With the corrupt, ossified state bureaucracy recognized widely as one of the greatest obstacles to Greece's development and growth, observers are watching closely Papandreou's significant attempt to re-define missions and tasks of large parts of the government. Incoming prime ministers always reshuffle some of the existing cabinet structure, but the extent of Papandreou's changes is unusual in Greece. Papandreou has emphasized throughout the campaign, and during his opening speech to his cabinet, his intention to crack down on the "pandemic" of

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corruption and emphasize transparency as one of the key principles of his new government. These ministerial reconfigurations, along with practical measures like the planned expansion of electronic governance, comprise important parts of this initiative. As Greek commentators have noted, they also allow Papandreou to emphasize from the outset that his approach to government will differ from that of his predecessor, whom he severely criticized for allegedly allowing the country to stagnate. Nevertheless, Papandreou's bold reconfiguration will require considerable effort to put into practice given deeply rooted habits and the Greek bureaucracy's disinclination for interagency cooperation, and this effort could conspire against Papandreou's ability to push forward other ambitious reforms.

Speckhard